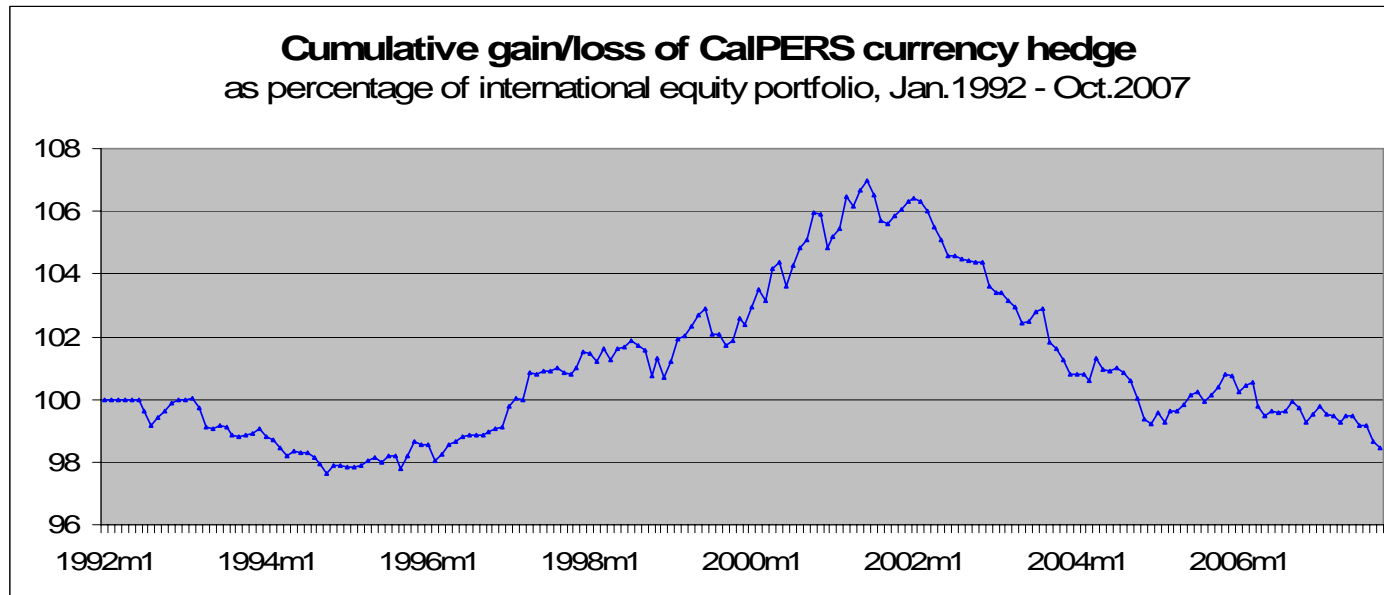


CalPERS Currency Hedge Gain/Loss



- Currency hedging converts exposure from foreign currencies to the U.S. dollar
- The CalPERS currency hedge generated:
 - gains during 1995–2001, when the U.S.\$ appreciated
 - losses since 2001, when the U.S.\$ depreciated
 - a small cumulative loss versus no hedge
 - a substantial gain versus 100% hedge
- Foreign currency exposure has a zero expected long-term return